

QUARTERLY STATEMENT
OF THE
Preferred Health Partnership of Tennessee, Inc.

of
Knoxville
in the state of
Tennessee

TO THE
Insurance Department
OF THE STATE OF
Tennessee

FOR THE QUARTER ENDED
June 30, 2007

2007



QUARTERLY STATEMENT
AS OF June 30, 2007
OF THE CONDITION AND AFFAIRS OF THE
Preferred Health Partnership of Tennessee, Inc.

NAIC Group Code	1253 (Current Period)	1253 (Prior Period)	NAIC Company Code	95749	Employer's ID Number	62-1546662
Organized under the Laws of	Tennessee		State of Domicile or Port of Entry	Tennessee		
Country of Domicile	United States of America					
Licensed as business type:	Life, Accident & Health[] Dental Service Corporation[] Other[]		Property/Casualty[] Vision Service Corporation[] Is HMO Federally Qualified? Yes[X] No[] N/A[]		Hospital, Medical & Dental Service or Indemnity[] Health Maintenance Organization[X]	
Incorporated/Organized	01/01/1994		Commenced Business	01/01/1994		
Statutory Home Office	1420 Centerpoint Blvd. (Street and Number)		Knoxville , TN 37932 (City, or Town, State and Zip Code)			
Main Administrative Office			1420 Centerpoint Blvd. (Street and Number)			
	Knoxville, TN 37932 (City or Town, State and Zip Code)		(865)670-7282 (Area Code) (Telephone Number)			
Mail Address	1420 Centerpoint Blvd. (Street and Number or P.O. Box)		Knoxville, TN 37932 (City, or Town, State and Zip Code)			
Primary Location of Books and Records			1420 Centerpoint Blvd. (Street and Number)			
	Knoxville, TN 37932 (City, or Town, State and Zip Code)		(865)670-7282 (Area Code) (Telephone Number)			
Internet Website Address						
Statutory Statement Contact	Melissa R Anderson (Name)		(865)670-7282 (Area Code)(Telephone Number)(Extension)			
	manders1@covhlth.com (E-Mail Address)		(865)470-7461 (Fax Number)			
Policyowner Relations Contact			1420 Centerpoint Blvd. (Street and Number)			
	Knoxville, TN 37932 (City, or Town, State and Zip Code)		(865)470-7470 (Area Code) (Telephone Number)(Extension)			

OFFICERS

Name	Title
Lance K. Hunsinger	President
Jeffery S. Collake	Chief Financial Officer
Jeffery S. Collake	Secretary

OTHERS

DIRECTORS OR TRUSTEES

Thomas Rowe Bell	Kenneth Truman Creed
Daniel J. David MD	Michael McKay Dudley
Marvin H. Eichorn	Randolph Murphree Lowry MD
Kenneth Frederick Luckman MD	Cletus Joseph McMahon Jr. MD
Michael Earl Mitchell MD	David A. Nowiski
Francis H. Olmstead Jr.	Anthony L. Spezia
Dean M. Turner MD	Sandra L. Mathy

State of Tennessee
County of Knox ss

The officers of this reporting entity, being duly sworn, each depose and say that they are the described officers of the said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

(Signature)	(Signature)	(Signature)
Lance K. Hunsinger	Jeffery S. Collake	Jeffery S. Collake
(Printed Name)	(Printed Name)	(Printed Name)
1.	2.	3.
President	Chief Financial Officer	Secretary
(Title)	(Title)	(Title)

Subscribed and sworn to before me this	a. Is this an original filing?	Yes[X] No[]
day of , 2007	b. If no,	
	1. State the amendment number	
	2. Date filed	
	3. Number of pages attached	
(Notary Public Signature)		

ASSETS

		Current Statement Date			4
		1	2	3	
		Assets	Nonadmitted Assets	Net Admitted Assets (Cols. 1 - 2)	December 31, Prior Year Net Admitted Assets
1.	Bonds	54,581,496		54,581,496	51,260,404
2.	Stocks:				
2.1	Preferred stocks				
2.2	Common stocks				
3.	Mortgage loans on real estate:				
3.1	First liens				
3.2	Other than first liens				
4.	Real estate:				
4.1	Properties occupied by the company (less \$.....0 encumbrances)				
4.2	Properties held for the production of income (less \$.....0 encumbrances)				
4.3	Properties held for sale (less \$.....0 encumbrances)				
5.	Cash (\$.....716,907), cash equivalents (\$.....0) and short-term investments (\$.....0)	716,907		716,907	3,700,088
6.	Contract loans (including \$.....0 premium notes)				
7.	Other invested assets				
8.	Receivables for securities				
9.	Aggregate write-ins for invested assets				
10.	Subtotals, cash and invested assets (Lines 1 to 9)	55,298,403		55,298,403	54,960,492
11.	Title plants less \$.....0 charged off (for Title insurers only)				
12.	Investment income due and accrued	841,222		841,222	741,670
13.	Premiums and considerations:				
13.1	Uncollected premiums and agents' balances in the course of collection				
13.2	Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$.....0 earned but unbilled premiums)				
13.3	Accrued retrospective premiums				
14.	Reinsurance:				
14.1	Amounts recoverable from reinsurers				
14.2	Funds held by or deposited with reinsured companies				
14.3	Other amounts receivable under reinsurance contracts				
15.	Amounts receivable relating to uninsured plans				
16.1	Current federal and foreign income tax recoverable and interest thereon				
16.2	Net deferred tax asset	7,413,304	7,413,304		
17.	Guaranty funds receivable or on deposit				
18.	Electronic data processing equipment and software				
19.	Furniture and equipment, including health care delivery assets (\$.....0)				
20.	Net adjustments in assets and liabilities due to foreign exchange rates				
21.	Receivables from parent, subsidiaries and affiliates	1,528,726	1,528,726		0
22.	Health care (\$.....0) and other amounts receivable				
23.	Aggregate write-ins for other than invested assets	65,721		65,721	10,697
24.	Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23)	65,147,376	8,942,030	56,205,346	55,712,858
25.	From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
26.	Total (Lines 24 and 25)	65,147,376	8,942,030	56,205,346	55,712,858
DETAILS OF WRITE-INS					
0901.	.....			
0902.	.....			
0903.	.....			
0998.	Summary of remaining write-ins for Line 9 from overflow page				
0999.	TOTALS (Lines 0901 through 0903 plus 0998) (Line 9 above)				
2301.	A/R Risk Share				
2302.	A/R State Admin	65,721		65,721	10,697
2303.	.....			
2398.	Summary of remaining write-ins for Line 23 from overflow page				
2399.	TOTALS (Lines 2301 through 2303 plus 2398) (Line 23 above)	65,721		65,721	10,697

LIABILITIES, CAPITAL AND SURPLUS

		Current Period			Prior Year
		1 Covered	2 Uncovered	3 Total	4 Total
1.	Claims unpaid (less \$.....0 reinsurance ceded)				
2.	Accrued medical incentive pool and bonus amounts				
3.	Unpaid claims adjustment expenses				
4.	Aggregate health policy reserves	6,847,440		6,847,440	6,847,440
5.	Aggregate life policy reserves				
6.	Property/casualty unearned premium reserve				
7.	Aggregate health claim reserves				
8.	Premiums received in advance				
9.	General expenses due or accrued	18,990		18,990	22,575
10.1	Current federal and foreign income tax payable and interest thereon (including \$.....0 on realized gains (losses))				
10.2	Net deferred tax liability				
11.	Ceded reinsurance premiums payable				
12.	Amounts withheld or retained for the account of others				
13.	Remittances and items not allocated				
14.	Borrowed money (including \$.....0 current) and interest thereon \$.....0 (including \$.....0 current)				
15.	Amounts due to parent, subsidiaries and affiliates				
16.	Payable for securities				
17.	Funds held under reinsurance treaties with (\$.....0 authorized reinsurers and \$.....0 unauthorized reinsurers)				
18.	Reinsurance in unauthorized companies				
19.	Net adjustments in assets and liabilities due to foreign exchange rates				
20.	Liability for amounts held under uninsured plans	71,266		71,266	75,963
21.	Aggregate write-ins for other liabilities (including \$.....0 current)	15,516,830		15,516,830	15,214,333
22.	Total liabilities (Lines 1 to 21)	22,454,526		22,454,526	22,160,311
23.	Aggregate write-ins for special surplus funds	X X X	X X X		
24.	Common capital stock	X X X	X X X	1,000	1,000
25.	Preferred capital stock	X X X	X X X		
26.	Gross paid in and contributed surplus	X X X	X X X	61,379,848	61,379,848
27.	Surplus notes	X X X	X X X		
28.	Aggregate write-ins for other than special surplus funds	X X X	X X X		
29.	Unassigned funds (surplus)	X X X	X X X	(27,630,028)	(27,828,301)
30.	Less treasury stock, at cost:				
30.1	.....0 shares common (value included in Line 24 \$.....0)	X X X	X X X		
30.2	.....0 shares preferred (value included in Line 25 \$.....0)	X X X	X X X		
31.	Total capital and surplus (Lines 23 to 29 minus Line 30)	X X X	X X X	33,750,820	33,552,547
32.	Total Liabilities, capital and surplus (Lines 22 and 31)	X X X	X X X	56,205,346	55,712,858
DETAILS OF WRITE-INS					
2101.	Accrued Run-Out Costs	10,986,297		10,986,297	10,986,297
2102.	Risk Share Audit Reserve	2,040,320		2,040,320	2,040,320
2103.	Penalty Reserve	1,036,750		1,036,750	1,086,750
2198.	Summary of remaining write-ins for Line 21 from overflow page	1,453,463		1,453,463	1,100,966
2199.	TOTALS (Lines 2101 through 2103 plus 2198) (Line 21 above)	15,516,830		15,516,830	15,214,333
2301.	.....	X X X	X X X		
2302.	.....	X X X	X X X		
2303.	.....	X X X	X X X		
2398.	Summary of remaining write-ins for Line 23 from overflow page	X X X	X X X		
2399.	TOTALS (Lines 2301 through 2303 plus 2398) (Line 23 above)	X X X	X X X		
2801.	.....	X X X	X X X		
2802.	.....	X X X	X X X		
2803.	.....	X X X	X X X		
2898.	Summary of remaining write-ins for Line 28 from overflow page	X X X	X X X		
2899.	TOTALS (Lines 2801 through 2803 plus 2898) (Line 28 above)	X X X	X X X		

STATEMENT OF REVENUE AND EXPENSES

		Current Year To Date		Prior Year To Date
		1 Uncovered	2 Total	3 Total
1.	Member Months	X X X	618,657	644,938
2.	Net premium income (including \$.....0 non-health premium income)	X X X		
3.	Change in unearned premium reserves and reserves for rate credits	X X X		
4.	Fee-for-service (net of \$.....0 medical expenses)	X X X		
5.	Risk revenue	X X X		
6.	Aggregate write-ins for other health care related revenues	X X X	1	2
7.	Aggregate write-ins for other non-health revenues	X X X		
8.	Total revenues (Lines 2 to 7)	X X X	1	2
Hospital and Medical:				
9.	Hospital/medical benefits			2,367
10.	Other professional services			(1,214)
11.	Outside referrals			
12.	Emergency room and out-of-area			39
13.	Prescription drugs		(11,455)	
14.	Aggregate write-ins for other hospital and medical		(51,026)	(280,076)
15.	Incentive pool, withhold adjustments and bonus amounts			
16.	Subtotal (Lines 9 to 15)		(62,481)	(278,884)
Less:				
17.	Net reinsurance recoveries			
18.	Total hospital and medical (Lines 16 minus 17)		(62,481)	(278,884)
19.	Non-health claims (net)			
20.	Claims adjustment expenses, including \$.....517,506 cost containment expenses		910,976	906,927
21.	General administrative expenses		2,183,327	2,217,184
22.	Increase in reserves for life and accident and health contracts (including \$.....0 increase in reserves for life only)			
23.	Total underwriting deductions (Lines 18 through 22)		3,031,822	2,845,227
24.	Net underwriting gain or (loss) (Lines 8 minus 23)	X X X	(3,031,821)	(2,845,225)
25.	Net investment income earned		1,143,399	1,200,970
26.	Net realized capital gains (losses) less capital gains tax of \$.....0		(30,098)	17,074
27.	Net investment gains or (losses) (Lines 25 plus 26)		1,113,301	1,218,044
28.	Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$.....0) (amount charged off \$.....0)]			
29.	Aggregate write-ins for other income or expenses			
30.	Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29)	X X X	(1,918,520)	(1,627,181)
31.	Federal and foreign income taxes incurred	X X X	(652,297)	(553,241)
32.	Net income (loss) (Lines 30 minus 31)	X X X	(1,266,223)	(1,073,940)
DETAILS OF WRITE-INS				
0601.	Miscellaneous Income	X X X	1	2
0602.	.....	X X X		
0603.	.....	X X X		
0698.	Summary of remaining write-ins for Line 6 from overflow page	X X X		
0699.	TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above)	X X X	1	2
0701.	.....	X X X		
0702.	.....	X X X		
0703.	.....	X X X		
0798.	Summary of remaining write-ins for Line 7 from overflow page	X X X		
0799.	TOTALS (Lines 0701 through 0703 plus 0798) (Line 7 above)	X X X		
1401.	Recoveries		(51,026)	(280,076)
1402.	.....		
1403.	.....		
1498.	Summary of remaining write-ins for Line 14 from overflow page			
1499.	TOTALS (Lines 1401 through 1403 plus 1498) (Line 14 above)		(51,026)	(280,076)
2901.	.....		
2902.	.....		
2903.	.....		
2998.	Summary of remaining write-ins for Line 29 from overflow page			
2999.	TOTALS (Lines 2901 through 2903 plus 2998) (Line 29 above)			

STATEMENT OF REVENUE AND EXPENSES (Continued)

		1	2	3
		Current Year To Date	Prior Year To Date	Prior Year
CAPITAL & SURPLUS ACCOUNT				
33.	Capital and surplus prior reporting year	33,552,546	35,344,903	35,344,903
34.	Net income or (loss) from Line 32	(1,266,223)	(1,073,940)	1,125,698
35.	Change in valuation basis of aggregate policy and claim reserves			
36.	Change in net unrealized capital gains (losses) less capital gains tax of \$.....0			
37.	Change in net unrealized foreign exchange capital gain or (loss)			
38.	Change in net deferred income tax			7,413,304
39.	Change in nonadmitted assets	1,464,497	36,465	(10,370,062)
40.	Change in unauthorized reinsurance			
41.	Change in treasury stock			
42.	Change in surplus notes			
43.	Cumulative effect of changes in accounting principles			
44.	Capital Changes:			
44.1	Paid in			
44.2	Transferred from surplus (Stock Dividend)			
44.3	Transferred to surplus			
45.	Surplus adjustments:			
45.1	Paid in			
45.2	Transferred to capital (Stock Dividend)			
45.3	Transferred from capital			
46.	Dividends to stockholders			
47.	Aggregate write-ins for gains or (losses) in surplus		38,703	38,703
48.	Net change in capital and surplus (Lines 34 to 47)	198,274	(998,772)	(1,792,357)
49.	Capital and surplus end of reporting period (Line 33 plus 48)	33,750,820	34,346,131	33,552,546
DETAILS OF WRITE-INS				
4701.	Change in Unrealized Valuation		38,703	38,703
4702.	.....		
4703.	.....		
4798.	Summary of remaining write-ins for Line 47 from overflow page			
4799.	TOTALS (Lines 4701 through 4703 plus 4798) (Line 47 above)		38,703	38,703

CASH FLOW

		1 Current Year To Date	2 Prior Year Ended December 31
Cash from Operations			
1.	Premiums collected net of reinsurance		
2.	Net investment income	1,195,229	2,630,584
3.	Miscellaneous income	1	29
4.	Total (Lines 1 to 3)	1,195,230	2,630,613
5.	Benefit and loss related payments	(62,481)	(752,074)
6.	Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		
7.	Commissions, expenses paid and aggregate write-ins for deductions	1,390,616	5,883,537
8.	Dividends paid to policyholders		
9.	Federal and foreign income taxes paid (recovered) net of \$.0 tax on capital gains (losses)	(652,297)	
10.	Total (Lines 5 through 9)	675,838	5,131,463
11.	Net cash from operations (Line 4 minus Line 10)	519,392	(2,500,850)
Cash from Investments			
12.	Proceeds from investments sold, matured or repaid:		
12.1	Bonds	8,634,074	28,006,392
12.2	Stocks		
12.3	Mortgage loans		
12.4	Real estate		
12.5	Other invested assets		
12.6	Net gains or (losses) on cash, cash equivalents and short-term investments		(85,283)
12.7	Miscellaneous proceeds		
12.8	Total investment proceeds (Lines 12.1 to 12.7)	8,634,074	27,921,109
13.	Cost of investments acquired (long-term only):		
13.1	Bonds	12,136,647	23,518,803
13.2	Stocks		
13.3	Mortgage loans		
13.4	Real estate		
13.5	Other invested assets		
13.6	Miscellaneous applications		
13.7	Total investments acquired (Lines 13.1 to 13.6)	12,136,647	23,518,803
14.	Net increase (or decrease) in contract loans and premium notes		
15.	Net cash from investments (Line 12.8 minus Lines 13.7 and 14)	(3,502,573)	4,402,306
Cash from Financing and Miscellaneous Sources			
16.	Cash provided (applied):		
16.1	Surplus notes, capital notes		
16.2	Capital and paid in surplus, less treasury stock		
16.3	Borrowed funds		
16.4	Net deposits on deposit-type contracts and other insurance liabilities		
16.5	Dividends to stockholders		
16.6	Other cash provided (applied)		
17.	Net cash from financing and miscellaneous sources (Lines 16.1 through 16.4 minus Line 16.5 plus Line 16.6)		
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS			
18.	Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17)	(2,983,181)	1,901,456
19.	Cash, cash equivalents and short-term investments:		
19.1	Beginning of year	3,700,088	1,798,632
19.2	End of period (Line 18 plus Line 19.1)	716,907	3,700,088

Supplemental Disclosures of Cash Flow Information for Non-Cash Transactions:

Description		Amount 1	Amount 2
20.0001		

EXHIBIT OF PREMIUMS, ENROLLMENT AND UTILIZATION

	1 Total	Comprehensive (Hospital & Medical)		4 Medicare Supplement	5 Vision Only	6 Dental Only	7 Federal Employees Health Benefit Plan	8 Title XVIII Medicare	9 Title XIX Medicaid	10 Other
		2 Individual	3 Group							
Total Members at end of:										
1. Prior Year	103,662								103,662	
2. First Quarter	103,595								103,595	
3. Second Quarter	103,029								103,029	
4. Third Quarter										
5. Current Year										
6. Current Year Member Months	618,657								618,657	
Total Member Ambulatory Encounters for Period:										
7. Physician	441,521								441,521	
8. Non-Physician	250,457								250,457	
9. Total	691,978								691,978	
10. Hospital Patient Days Incurred	16,157								16,157	
11. Number of Inpatient Admissions	4,341								4,341	
12. Health Premiums Written (a)										
13. Life Premiums Direct										
14. Property/Casualty Premiums Written										
15. Health Premiums Earned										
16. Property/Casualty Premiums Earned										
17. Amount Paid for Provision of Health Care Services ...	(62,481)								(62,481)	
18. Amount Incurred for Provision of Health Care Services	(62,481)								(62,481)	

(a) For health premiums written: amount of Medicare Title XVIII exempt from state taxes or fees \$.0.

CLAIMS UNPAID AND INCENTIVE POOL, WITHHOLD AND BONUS (Reported and Unreported)

Aging Analysis of Unpaid Claims						
1	2	3	4	5	6	7
Account	1 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 days	Over 120 Days	Total
<div>NONE</div>						
0899999 Accrued Medical Incentive Pool And Bonus Amounts

UNDERWRITING AND INVESTMENT EXHIBIT

ANALYSIS OF CLAIMS UNPAID-PRIOR YEAR-NET OF REINSURANCE

Line of Business		Claims Paid Year to Date		Liability End of Current Quarter		5	6
		1	2	3	4	Claims Incurred in Prior Years (Columns 1+3)	Estimated Claim Reserve and Claim Liability Dec.31 of Prior Year
		On Claims Incurred Prior to January 1 of Current Year	On Claims Incurred During the Year	On Claims Unpaid Dec.31 of Prior Year	On Claims Incurred During the Year		
1.	Comprehensive (hospital & medical)						
2.	Medicare Supplement						
3.	Dental only						
4.	Vision only						
5.	Federal Employees Health Benefits Plan						
6.	Title XVIII - Medicare						
7.	Title XIX - Medicaid	(62,481)				(62,481)	
8.	Other health						
9.	Health subtotal (Lines 1 to 8)	(62,481)				(62,481)	
10.	Healthcare receivables (a)						
11.	Other non-health						
12.	Medical incentive pools and bonus amounts						
13.	Totals	(62,481)				(62,481)	

(a) Excludes \$.00 loans or advances to providers not yet expensed.

Notes to Financial Statement

No significant changes or events have occurred since the most recent annual statement was filed.

17C. Wash Sales
Not applicable

GENERAL INTERROGATORIES

(Responses to these interrogatories should be based on changes that have occurred since the prior year end unless otherwise noted)

PART 1 - COMMON INTERROGATORIES
GENERAL

- 1.1 Did the reporting entity experience any material transactions requiring the filing of Disclosure of Material Transactions with the State of Domicile, as required by the Model Act?

Yes[] No[X]
- 1.2 If yes, has the report been filed with the domiciliary state?

Yes[] No[] N/A[X]
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity?

Yes[] No[X]
- 2.2 If yes, date of change:

.....
3. Have there been any substantial changes in the organizational chart since the prior quarter end?

Yes[] No[X]
- If yes, complete the Schedule Y - Part 1 - organizational chart.
- 4.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement?

Yes[] No[X]
- 4.2 If yes, provide the name of entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1	2	3
Name of Entity	NAIC Company Code	State of Domicile
.....

5. If the reporting entity is subject to a management agreement, including third-party administrator(s), managing general agent(s), attorney-in-fact, or similar agreement, have there been any significant changes regarding the terms of the agreement or principals involved?

Yes[] No[] N/A[X]
- If yes, attach an explanation.
- 6.1 State as of what date the latest financial examination of the reporting entity was made or is being made.

.....12/31/2005.....
- 6.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released.

.....12/31/2005.....
- 6.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date).

.....12/28/2006.....
- 6.4 By what department or departments?

TENNESSEE DEPT OF COMMERCE AND INSURANCE - TENNCARE DIVISION
- 7.1 Has this reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period?

Yes[] No[X]
- 7.2 If yes, give full information
- 8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board?

Yes[] No[X]
- 8.2 If response to 8.1 is yes, please identify the name of the bank holding company.
- 8.3 Is the company affiliated with one or more banks, thrifts or securities firms?

Yes[] No[X]
- 8.4 If response to 8.3 is yes, please provide below the names and location (city and state of the main office) of any affiliates regulated by a federal regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Office of Thrift Supervision (OTS), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.

1	2	3	4	5	6	7
Affiliate Name	Location (City, State)	FRB	OCC	OTS	FDIC	SEC
..... Yes[] No[X]	. Yes[] No[X]	. Yes[] No[X]	. Yes[] No[X]	. Yes[] No[X]

FINANCIAL

- 9.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards?

Yes[X] No[]
- (a) Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- (b) Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;
- (c) Compliance with applicable governmental laws, rules and regulations;
- (d) The prompt internal reporting of violations to an appropriate person or persons identified in the code; and
- (e) Accountability for adherence to the code.
- 9.11 If the response to 9.1 is No, please explain:
- 9.2 Has the code of ethics for senior managers been amended?

Yes[] No[X]
- 9.21 If the response to 9.2 is Yes, provide information related to amendment(s).
- 9.3 Have any provisions of the code of ethics been waived for any of the specified officers?

Yes[] No[X]
- 9.31 If the response to 9.3 is Yes, provide the nature of any waiver(s).
- 10.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement?

Yes[X] No[]
- 10.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount:

\$..... 0

INVESTMENT

- 11.1 Has there been any change in the reporting entity's own preferred or common stock?

Yes[] No[X]
- 11.2 If yes, explain:
- 12.1 Were any of the stocks, bonds, or other assets of the reporting entity loaned, placed under option agreement, or otherwise made available for use by another person? (Exclude securities under securities lending agreements.)

Yes[] No[X]
- 12.2 If yes, give full and complete information relating thereto:
13. Amount of real estate and mortgages held in other invested assets in Schedule BA:

\$..... 0
14. Amount of real estate and mortgages held in short-term investments:

\$..... 0
- 15.1 Does the reporting entity have any investments in parent, subsidiaries and affiliates?

Yes[] No[X]
- 15.2 If yes, please complete the following:

GENERAL INTERROGATORIES (Continued)

		1	2
		Prior Year-End Book/Adjusted Carrying Value	Current Quarter Book/Adjusted Carrying Value
15.21	Bonds .....	.....	.....
15.22	Preferred Stock .....	.....	.....
15.23	Common Stock .....	.....	.....
15.24	Short-Term Investments .....	.....	.....
15.25	Mortgages Loans on Real Estate .....	.....	.....
15.26	All Other .....	.....	.....
15.27	Total Investment in Parent, Subsidiaries and Affiliates (Subtotal Lines 15.21 to 15.26) .....	.....	.....
15.28	Total Investment in Parent included in Lines 15.21 to 15.26 above .....	.....	.....

16.1 Has the reporting entity entered into any hedging transactions reported on Schedule DB?

16.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state?
If no, attach a description with this statement.

Yes[] No[X]
Yes[] No[] N/A[X]

17. Excluding items in Schedule E, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Part 1 - General, Section IV. H-Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook?

17.1 For all agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:

Yes[X] No[]

1	2
Name of Custodian(s)	Custodian Address
NORTHERN TRUST	PO BOX 75986 CHICAGO, IL 60675-5986
FIRST TN BANK	BOX 84 SAFEKEEPING M-LEVEL MEMPHIS, TN 38101

17.2 For all agreements that do not comply with the requirements of the NAIC Financial Condition Examiners Handbook, provide the name, location and a complete explanation:

1	2	3
Name(s)	Location(s)	Complete Explanation(s)
.....

17.3 Have there been any changes, including name changes, in the custodian(s) identified in 17.1 during the current quarter?

17.4 If yes, give full and complete information relating thereto:

Yes[] No[X]

1	2	3	4
Old Custodian	New Custodian	Date of Change	Reason
.....

17.5 Identify all investment advisors, brokers/dealers or individuals acting on behalf of broker/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

1	2	3
Central Registration Depository	Name(s)	Address
108718	MARTIN AND COMPANY	TWO CENTRE SQUARE, SUITE 200, 625 S. GAY STREET, KNOXVILLE, TN 37902

18.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Securities Valuation Office been followed?

18.2 If no, list exceptions:

Yes[X] No[]

STATEMENT AS OF June 30, 2007 OF THE Preferred Health Partnership of Tennessee, Inc.

SCHEDULE A - VERIFICATION

Real Estate

		1	2
		Year To Date	Prior Year Ended December 31
1.	Book/adjusted carrying value, December 31 of prior year		
2.	Increase (decrease) by adjustment		
3.	Cost of acquired		
4.	Cost of additions to and permanent improvements		
5.	Total profit (loss) on sales		
6.	Increase (decrease) by foreign exchange adjustment		
7.	Amount received on sales		
8.	Book/adjusted carrying value at end of current period		
9.	Total valuation allowance		
10.	Subtotal (Lines 8 plus 9)		
11.	Total nonadmitted amounts		
12.	Statement value, current period (Page 2, real estate lines, Net Admitted Assets column)		

SCHEDULE B - VERIFICATION

Mortgage Loans

		1	2
		Year To Date	Prior Year Ended December 31
1.	Book value/recorded investment excluding accrued interest on mortgages owned, December 31 of prior year		
2.	Amount loaned during period:		
2.1	Actual cost at time of acquisitions		
2.2	Additional investment made after acquisitions		
3.	Accrual of discount and mortgage interest points and commitment fees		
4.	Increase (decrease) by adjustment		
5.	Total profit (loss) on sale		
6.	Amounts paid on account or in full during the period		
7.	Amortization of premium		
8.	Increase (decrease) by foreign exchange adjustment		
9.	Book value/recorded investment excluding accrued interest on mortgages owned at end of current period		
10.	Total valuation allowance		
11.	Subtotal (Lines 9 plus 10)		
12.	Total nonadmitted amounts		
13.	Statement value of mortgages owned at end of current period (Page 2, mortgage lines, Net Admitted Assets column)		

SCHEDULE BA - VERIFICATION

Other Invested Assets

		1	2
Description		Year To Date	Prior Year Ended December 31
1.	Book/adjusted carrying value of long-term invested assets owned, December 31 of prior year		
2.	Cost of acquisitions during period:		
2.1	Actual cost at time of acquisitions		
2.2	Additional investment made after acquisitions		
3.	Accrual of discount		
4.	Increase (decrease) by adjustment		
5.	Total profit (loss) on sale		
6.	Amounts paid on account or in full during the period		
7.	Amortization of premium		
8.	Increase (decrease) by foreign exchange adjustment		
9.	Book/adjusted carrying value of long-term invested assets at end of current period		
10.	Total valuation allowance		
11.	Subtotal (Lines 9 plus 10)		
12.	Total nonadmitted amounts		
13.	Statement value of long-term invested assets at end of current period (Page 2, Line 7, Column 3)		

SCHEDULE D - VERIFICATION

Bonds and Stocks

		1	2
		Year To Date	Prior Year Ended December 31
1.	Book/adjusted carrying value of bonds and stocks, December 31 of prior year	51,260,404	56,091,973
2.	Cost of bonds and stocks acquired	12,136,647	23,518,803
3.	Accrual of discount	13,874	50,248
4.	Increase (decrease) by adjustment		38,704
5.	Increase (decrease) by foreign exchange adjustment		
6.	Total profit (loss) on disposal	(19,266)	(85,283)
7.	Consideration for bonds and stocks disposed of	8,634,074	28,006,392
8.	Amortization of premium	176,088	347,651
9.	Book/adjusted carrying value, current period	54,581,496	51,260,404
10.	Total valuation allowance		
11.	Subtotal (Lines 9 plus 10)	54,581,496	51,260,404
12.	Total nonadmitted amounts		
13.	Statement value	54,581,496	51,260,404

SCHEDULE D - PART 1B
Showing the Acquisitions, Dispositions and Non-Trading Activity
During the Current Quarter for all Bonds and Preferred Stock by Rating Class

	1 Book/Adjusted Carrying Value Beginning of Current Quarter	2 Acquisitions During Current Quarter	3 Dispositions During Current Quarter	4 Non-Trading Activity During Current Quarter	5 Book/Adjusted Carrying Value End of First Quarter	6 Book/Adjusted Carrying Value End of Second Quarter	7 Book/Adjusted Carrying Value End of Third Quarter	8 Book/Adjusted Carrying Value December 31 Prior Year
BONDS								
1. Class 1	52,922,559	4,794,690	5,225,586	(97,119)	52,922,559	52,394,544		49,699,908
2. Class 2	2,190,251			(3,299)	2,190,251	2,186,953		1,560,496
3. Class 3								
4. Class 4								
5. Class 5								
6. Class 6								
7. Total Bonds	55,112,810	4,794,690	5,225,586	(100,418)	55,112,810	54,581,496		51,260,404
PREFERRED STOCK								
8. Class 1								
9. Class 2								
10. Class 3								
11. Class 4								
12. Class 5								
13. Class 6								
14. Total Preferred Stock								
15. Total Bonds & Preferred Stock	55,112,810	4,794,690	5,225,586	(100,418)	55,112,810	54,581,496		51,260,404

14 Schedule DA Part 1 NONE

14 Schedule DA Part 2 Verification NONE

15 Schedule DB Part F Section 1 NONE

16 Schedule DB Part F Section 2 NONE

17 Schedule S Ceded Reinsurance NONE

SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS

Current Year to Date - Allocated by States and Territories

		1 Is Insurer Licensed (Yes or No)	Direct Business Only							
			2 Accident and Health Premiums	3 Medicare Title XVIII	4 Medicaid Title XIX	5 Federal Employees Health Benefits Program Premiums	6 Life and Annuity Premiums and Other Considerations	7 Property/ Casualty Premiums	8 Total Columns 2 Through 7	9 Deposit-Type Contracts
State, Etc.										
1.	Alabama (AL)	No								
2.	Alaska (AK)	No								
3.	Arizona (AZ)	No								
4.	Arkansas (AR)	No								
5.	California (CA)	No								
6.	Colorado (CO)	No								
7.	Connecticut (CT)	No								
8.	Delaware (DE)	No								
9.	District of Columbia (DC)	No								
10.	Florida (FL)	No								
11.	Georgia (GA)	No								
12.	Hawaii (HI)	No								
13.	Idaho (ID)	No								
14.	Illinois (IL)	No								
15.	Indiana (IN)	No								
16.	Iowa (IA)	No								
17.	Kansas (KS)	No								
18.	Kentucky (KY)	No								
19.	Louisiana (LA)	No								
20.	Maine (ME)	No								
21.	Maryland (MD)	No								
22.	Massachusetts (MA)	No								
23.	Michigan (MI)	No								
24.	Minnesota (MN)	No								
25.	Mississippi (MS)	No								
26.	Missouri (MO)	No								
27.	Montana (MT)	No								
28.	Nebraska (NE)	No								
29.	Nevada (NV)	No								
30.	New Hampshire (NH)	No								
31.	New Jersey (NJ)	No								
32.	New Mexico (NM)	No								
33.	New York (NY)	No								
34.	North Carolina (NC)	No								
35.	North Dakota (ND)	No								
36.	Ohio (OH)	No								
37.	Oklahoma (OK)	No								
38.	Oregon (OR)	No								
39.	Pennsylvania (PA)	No								
40.	Rhode Island (RI)	No								
41.	South Carolina (SC)	No								
42.	South Dakota (SD)	No								
43.	Tennessee (TN)	Yes								
44.	Texas (TX)	No								
45.	Utah (UT)	No								
46.	Vermont (VT)	No								
47.	Virginia (VA)	No								
48.	Washington (WA)	No								
49.	West Virginia (WV)	No								
50.	Wisconsin (WI)	No								
51.	Wyoming (WY)	No								
52.	American Samoa (AS)	No								
53.	Guam (GU)	No								
54.	Puerto Rico (PR)	No								
55.	U.S. Virgin Islands (VI)	No								
56.	Northern Mariana Islands (MP)	No								
57.	Canada (CN)	No								
58.	Aggregate other alien (OT)	X X X								
59.	Subtotal	X X X								
60.	Reporting entity contributions for Employee Benefit Plans	X X X								
61.	Total (Direct Business)	(a) 1								
DETAILS OF WRITE-INS										
5801.		X X X								
5802.		X X X								
5803.		X X X								
5898.	Summary of remaining write-ins for Line 58 from overflow page	X X X								
5899.	TOTALS (Lines 5801 through 5803 plus 5898) (Line 58 above)	X X X								

(a) Insert the number of yes responses except for Canada and Other Alien.

STATEMENT AS OF June 30, 2007 OF THE Preferred Health Partnership of Tennessee, Inc.

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER

MEMBERS OF A HOLDING COMPANY GROUP

PART 1 - ORGANIZATIONAL CHART



019



SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER
MEMBERS OF A HOLDING COMPANY GROUP
PART 1 - ORGANIZATIONAL CHART

SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

The following supplemental reports are required to be filed as part of your statement filing. However, in the event that your company does not transact the type of business for which the special report must be filed, your response of NO to the specific interrogatory will be accepted in lieu of filing a "NONE" report and a bar code will be printed below. If the supplement is required of your company but is not being filed for whatever reason enter SEE EXPLANATION and provide an explanation following the interrogatory questions.

	RESPONSE
1. Will the Medicare Part D Coverage Supplement be filed with the state of domicile and the NAIC with this statement?	No

Explanations:

Bar Codes:

Medicare Part D Coverage Supplement



LIABILITIES, CAPITAL AND SURPLUS

		Current Period			Prior Year
		1 Covered	2 Uncovered	3 Total	4 Total
2104.	Reserve for At Risk Revenue .....	..... 1,332,322	.....	..... 1,332,322	..... 978,108
2105.	Unclaimed Property .....	..... 121,141	.....	..... 121,141	..... 122,858
2197.	Summary of remaining write-ins for Line 21 (Lines 2104 through 2196) .....	..... 1,453,463	.....	..... 1,453,463	..... 1,100,966

E01 Schedule A Part 2 NONE

E01 Schedule A Part 3 NONE

E02 Schedule B Part 1 NONE

E02 Schedule B Part 2 NONE

E03 Schedule BA Part 1 NONE

E03 Schedule BA Part 2 NONE

SCHEDULE D - PART 3

Show All Long-Term Bonds and Stock Acquired by the Company During the Current Quarter

1	2	3	4	5	6	7	8	9	10
CUSIP Identification	Description	Foreign	Date Acquired	Name of Vendor	Number of Shares of Stock	Actual Cost	Par Value	Paid for Accrued Interest and Dividends	NAIC Designation or Market Indicator (a)
Bonds - U.S. Governments									
912828AP5	US TREAS NTS .....	.....	.... 05/11/2007	FIRST TENNESSEE .....	..... X X X ....	..... 1,252,182 .....	..... 1,250,000.00 .....	.....	1
0399999 Subtotal - Bonds - U.S. Governments .....					..... X X X ....	..... 1,252,182 .....	..... 1,250,000.00 .....	.....	..... X X X
Bonds - Political Subdivisions of States, Territories and Possessions									
49952MBK1	KNOX CNTY HEALTH EDL .....	.....	.... 04/12/2007	NORTHERN TRUST .....	..... X X X ....	..... 1,140,458 .....	..... 1,100,000.00 .....	.....	1FE
83755G3B1	SOUTH DAKOTS HSG DEV .....	.....	.... 04/19/2007	NORTHERN TRUST .....	..... X X X ....	..... 1,400,000 .....	..... 1,400,000.00 .....	.....	1FE
546071AA9	LOUISA VA INDL DEV AUTH .....	.....	.... 05/31/2007	NORTHERN TRUST .....	..... X X X ....	..... 1,002,050 .....	..... 1,000,000.00 .....	..... 7,438	1FE
2499999 Subtotal - Bonds - Political Subdivisions of States, Territories and Possessions .....					..... X X X ....	..... 3,542,508 .....	..... 3,500,000.00 .....	..... 7,438 .....	..... X X X
6099997 Subtotal - Bonds - Part 3 .....					..... X X X ....	..... 4,794,690 .....	..... 4,750,000.00 .....	..... 7,438 .....	..... X X X
6099998 Summary Item for Bonds Bought and Sold This Quarter .....					..... X X X ....	..... X X X ....	..... X X X .....	..... X X X ....	..... X X X
6099999 Subtotal - Bonds .....					..... X X X ....	..... 4,794,690 .....	..... 4,750,000.00 .....	..... 7,438 .....	..... X X X
6599998 Summary Item for Preferred Stock Bought and Sold This Quarter .....					..... X X X ....	..... X X X ....	..... X X X .....	..... X X X ....	..... X X X
7299998 Summary Item for Common Stock Bought and Sold This Quarter .....					..... X X X ....	..... X X X ....	..... X X X .....	..... X X X ....	..... X X X
7399999 Subtotal - Preferred and Common Stocks .....					..... X X X ....	.....	..... X X X .....	.....	..... X X X
7499999 Total - Bonds, Preferred and Common Stocks .....					..... X X X ....	..... 4,794,690 .....	..... X X X .....	..... 7,438 .....	..... X X X

(a) For all common stock bearing the NAIC market indicator "U" provide: the number of such issues0.

SCHEDULE D - PART 4

Show All Long-Term Bonds and Stocks Sold, Redeemed, or Otherwise Disposed of
by the Company During the Current Quarter

1	2	3	4	5	6	7	8	9	10	Change in Book/Adjusted Carrying Value					16	17	18	19	20	21	22
CUSIP Identification	Description	F o r e i g n Disposal Date	Name of Purchaser	Number of Shares of Stock	Consideration	Par Value	Actual Cost	Prior Year Book/ Adjusted Carrying Value	11	12	13	14	15	Book/ Adjusted Carrying Value at Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest/ Stock Dividends Received During Year	Maturity Date	NAIC Designation or Market Indicator (a)	
									Unrealized Valuation Increase/ (Decrease)	Current Year's (Amortization)/ Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Change in B./A.C.V. (11 + 12 - 13)	Total Foreign Exchange Change in B./A.C.V.								
Bonds - U.S. Governments																					
3133X7C51	FHLB TRANCHE	05/15/2007	MATURED	X X X	2,000,000	2,000,000.00	2,012,758	2,001,701		(1,701)		(1,701)		2,000,000				35,000	05/15/2007	1FE	
912828AZ3	US TREAS NTS	04/12/2007	NORTHERN TRUST	X X X	975,586	1,000,000.00	982,969	993,663		1,188		1,188		994,851		(19,265)	(19,265)	9,844	05/15/2008	1	
0399999 Subtotal - Bonds - U.S. Governments				X X X	2,975,586	3,000,000.00	2,995,727	2,995,364		(513)		(513)		2,994,851		(19,265)	(19,265)	44,844	X X X	X X X	
Bonds - Political Subdivisions of States, Territories and Possessions																					
5920653K0	METRO GOVT NASHVILLE VAR	05/09/2007	NORTHERN TRUST	X X X	500,000	500,000.00	500,000	500,000						500,000				2,242			
2499999 Subtotal - Bonds - Political Subdivisions of States, Territories and Possessions				X X X	500,000	500,000.00	500,000	500,000						500,000				2,242	X X X	X X X	
Bonds - Industrial and Miscellaneous (Unaffiliated)																					
02003EAD4	PVTPL ALLSTATE LIFE GLOBAL	04/15/2007	MATURED	X X X	750,000	750,000.00	749,738	749,980	20			20		750,000				10,805	04/15/2007	1FE	
46625HAP5	JPMORGAN CHASE & CO	05/30/2007	MATURED	X X X	1,000,000	1,000,000.00	1,066,580	1,006,496	(6,496)			(6,496)		1,000,000				26,250	05/30/2007	1FE	
4599999 Subtotal - Bonds - Industrial and Miscellaneous (Unaffiliated)				X X X	1,750,000	1,750,000.00	1,816,318	1,756,475	(6,475)			(6,475)		1,750,000				37,055	X X X	X X X	
6099997 Subtotal - Bonds - Part 4				X X X	5,225,586	5,250,000.00	5,312,044	5,251,839	(6,475)	(513)		(6,988)		5,244,851		(19,265)	(19,265)	84,140	X X X	X X X	
6099998 Summary Item for Bonds Bought and Sold This Quarter				X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
6099999 Subtotal - Bonds				X X X	5,225,586	5,250,000.00	5,312,044	5,251,839	(6,475)	(513)		(6,988)		5,244,851		(19,265)	(19,265)	84,140	X X X	X X X	
6599998 Summary Item for Preferred Stock Bought and Sold This Quarter				X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
7299998 Summary Item for Common Stock Bought and Sold This Quarter				X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
7399999 Subtotal - Preferred and Common Stocks				X X X		X X X													X X X	X X X	
7499999 Total - Bonds, Preferred and Common Stocks				X X X	5,225,586	X X X	5,312,044	5,251,839	(6,475)	(513)		(6,988)		5,244,851		(19,265)	(19,265)	84,140	X X X	X X X	

(a) For all common stock bearing the NAIC market indicator "U" provide: the number of such issues0.

E06 Schedule DB Part A Section 1 NONE

E06 Schedule DB Part B Section 1 NONE

E07 Schedule DB Part C Section 1 NONE

E07 Schedule DB Part D Section 1 NONE

SCHEDULE E - PART 1 - CASH

Month End Depository Balances

1			2	3	4	5	Book Balance at End of Each Month			9
							During Current Quarter			
Depository			Code	Rate of Interest	Amount of Interest Received During Current Quarter	Amount of Interest Accrued at Current Statement Date	6	7	8	*
							First Month	Second Month	Third Month	
open depositories										
Cash on Deposit	First Tennessee Bank			5.000	5,072		168,522	74,423	320,085	X X X
Northern Trust	Chicago Illinois			6.375	10,537	2,090	1,086,364	1,302,764	396,822	X X X
0199998 Deposits in .....0 depositories that do not exceed the allowable limit in any one depository (See Instructions) - open depositories			X X X	X X X						X X X
0199999 Totals - Open Depositories			X X X	X X X	15,609	2,090	1,254,886	1,377,187	716,907	X X X
0299998 Deposits in .....0 depositories that do not exceed the allowable limit in any one depository (See Instructions) - suspended depositories			X X X	X X X						X X X
0299999 Totals - Suspended Depositories			X X X	X X X						X X X
0399999 Total Cash On Deposit			X X X	X X X	15,609	2,090	1,254,886	1,377,187	716,907	X X X
0499999 Cash in Company's Office			X X X	X X X	X X X	X X X				X X X
0599999 Total Cash			X X X	X X X	15,609	2,090	1,254,886	1,377,187	716,907	X X X

E09 Schedule E Part 2 Cash Equivalents NONE

Supp1 Medicare Part D Coverage Supplement NONE

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Report #2A: TENNCARE OPERATIONS STATEMENT OF REVENUES AND EXPENSES

	Current Year		Previous Year
	Current Period	Year to Date Total	Total
Member Months	311,363	618,657	1,274,537
REVENUES:			
1. TennCare Capitation	51,613,051	95,073,959	170,923,604
2. Investment	53,481	103,224	107,087
3. Other Revenue	0	0	0
IBNR / Capitation Revenue Receivable	22,075,469	22,071,560	27,794,802
Premium Tax	138,221	1,058,180	2,587,434
State Admin Revenue			
4. TOTAL REVENUES (Lines 1 to 3)	73,880,221	118,306,922	201,412,927
EXPENSES:			
Medical and Hospital Services:			
5. Capitated Physician Services	0	0	0
6. Fee-For-Service Physician Services	8,470,195	13,942,975	20,708,492
7. Inpatient Hospital Services	39,965,589	61,117,371	112,529,023
8. Outpatient Services	14,007	28,854	60,856
9. Emergency Room Services	5,319,082	8,555,091	12,474,096
10. Mental Health Services	7,190	14,397	34,334
11. Dental Services (Capitated & FFS)	321	938	5,222
12. Vision Services (Capitated , FFS & Opthamology)	198,617	403,478	804,983
13. Pharmacy Services (Capitated & FFS)	95	95	(4,267)
14. Home Health Services	222,858	470,556	513,598
15. Chiropractic Services	0	0	0
16. Radiology Services	149,286	149,286	304,233
17. Laboratory Services	9,179,201	14,815,135	25,850,332
18. Durable Medical Equipment Services	3,895,235	6,202,601	6,628,295
19. Transportation Services (Capitated)	2,066,881	2,107,337	4,180,871
20. Outside Referrals	0	0	0
21. Medical Incentive Pool and Withhold Adjustments	0	0	0
22. Occupancy, Depreciation, and Amortization	0	0	0
23. Other Medical and Hospital Services (Provide Detail)	0	0	
Surgery - Orthopedic - FFS Office	0	0	0
MCO Delegated Services	0	0	0
Allergy & Immunology FFS Office & Other	2,140,846	4,252,993	7,164,576
Counselors/Therapists	0	0	
Otolaryngology - FFS Office	394,704	769,893	1,464,708
Anesthesiology - FFS Hosp & Other	753,175	1,417,952	2,802,600
Gastroenterology	14,366	25,915	35,116
Preventive Medicine	841,552	1,600,339	3,340,780
Ped Emergency Medicine - FFS Hospital	0	0	
Miscellaneous	(308,033)	1,351,155	123,293
IBNR	0	0	0
Risk Share	0	0	0
24. Subtotal (Lines 5 to 23)	73,325,166	117,226,360	199,021,141
25. Reinsurance Expenses Net of Recoveries		0	0
LESS:			
26. Copayments		0	0
27. Subrogation	316,338	550,643	774,160
27a Recoveries	130,591	290,737	306,848
28. Coordination of Benefits		0	0
29. Subtotal (Lines 26 to 28)	446,929	841,380	1,081,008
30. TOTAL MEDICAL AND HOSPITAL (Lines 24 and 25 less 29)	72,878,237	116,384,980	197,940,133

Report #2A: TENNCARE OPERATIONS STATEMENT OF REVENUES AND EXPENSES

	Current Year		Previous Year
	Current Period	Year to Date Total	Total
Member Months	0	0	0
REVENUES:			
1. TennCare Capitation	0	0	0
2. Investment	567,737	1,113,300	2,341,783
3. Other Revenue	2	2	29
State Admin Revenue	0	0	0
4. TOTAL REVENUES (Lines 1 to 3)	567,739	1,113,302	2,341,812
EXPENSES:			
Medical and Hospital Services:			
5. Capitated Physician Services	0	0	0
6. Fee-For-Service Physician Services	0	0	0
7. Inpatient Hospital Services	0	0	1,694
8. Outpatient Services	0	0	999
9. Emergency Room Services	0	0	0
10. Mental Health Services	0	0	291
11. Dental Services (Capitated & FFS)	0	0	0
12. Vision Services (Capitated , FFS & Opthamology)	0	0	0
13. Pharmacy Services (Capitated & FFS)	0	(11,455)	(20,385)
14. Home Health Services	0	0	0
15. Chiropractic Services	0	0	0
16. Radiology Services	0	0	0
17. Laboratory Services	0	0	114
18. Durable Medical Equipment Services	0	0	0
19. Transportation Services (Capitated)	0	0	0
20. Outside Referrals	0	0	0
21. Medical Incentive Pool and Withhold Adjustments	0	0	0
22. Occupancy, Depreciation, and Amortization	0	0	0
23. Other Medical and Hospital Services (Provide Detail)			
Surgery - Orthopedic - FFS Office	0	0	0
MCO Delegated Services	0	0	0
Allergy & Immunology FFS Office & Other	0	0	(1,508)
Counselors/Therapists	0	0	0
Otolaryngology - FFS Office	0	0	0
Anesthesiology - FFS Hosp & Other	0	0	0
Gastroenterology	0	0	0
Preventive Medicine	0	0	293
Ped Emergency Medicine - FFS Hospital	0	0	0
Miscellaneous	0	0	0
IBNR	0	0	0
Risk Share	0	0	0
24. Subtotal (Lines 5 to 23)	0	(11,455)	(18,502)
25. Reinsurance Expenses Net of Recoveries	0	0	0
LESS:	0		
26. Copayments	0	0	0
27. Subrogation	0	0	0
27a Recoveries	22,930	51,026	618,133
28. Coordination of Benefits	0	0	0
29. Subtotal (Lines 26 to 28)	22,930	51,026	618,133
30. TOTAL MEDICAL AND HOSPITAL (Lines 24 and 25 less 29)	(22,930)	(62,481)	(636,635)

Report #2A (Continued): TENNCARE OPERATIONS STATEMENT OF REVENUES AND EXPENSES			
	Current Year		Previous Year
	Current Period	Year to Date Total	Total
Administration: 31. Compensation (Including Allocated Costs) 2,349,639 4,721,706 8,523,963 32. Marketing (Including Allocated Costs) (1,707) 3,290 8,098 33. Premium Tax Expense 70,763 141,685 304,927 34. Occupancy, Depreciation and Amortization (Including Allocated Costs) 141,446 576,054 786,302 35. Other Administration (Provide detail)			
Printing 36,260 59,708 145,380 Rent/Utilities 0 0 0 Franchise, Excise & Property Taxes 0 0 0 Postage 49,861 79,649 241,411 Legal Fees 3,360 24,476 36,851 Liquidated Damages 13,900 39,000 (1,472,500) Outside Services 26,706 122,738 370,825 Board & Committee Fees 0 0 Auditing, actuarial and other consulting services 0 0 Books & Subscriptions 2,840 2,996 1,602 Dues, Fees & Licenses 0 41,303 58,976 Education & Seminars 0 0 0 Meals & Entertainment 222 388 1,068 Office Supplies 262 489 2,020 Minor Equipment 0 1,200 1,535 Travel 174 218 1 Wellness Program 0 0 Leases & Rentals of equipment 0 0 Repairs/Maintenance Agreements 0 0 43,444 Telephone/Beepers/Cellular Phones 0 0 0 Temp/Contract Personnel 9,016 42,807 188,036 Provision for Loss Contracts 0 0 Risk Banding Reserve 0 0 Program Run Out Expense 0 0 State Admin Revenue (3,538,193) (7,084,272) (14,484,727) Miscellaneous Expense 179,192 359,213 (559,429) Total DIRECT Expenses (656,258) (867,351) (5,802,217)			
Other ALLOCATED Expenses (Provide detail)			
Rent/Utilities 296,784 296,784 491,875 Printing 40,761 63,204 107,633 Postage 210,471 300,386 287,300 Legal Fees 84,785 170,572 81,298 Outside Services 364,698 724,217 2,193,564 Board & Committee Fees 25,695 51,417 83,325 Survey Fees 26,971 55,873 98,561 Telephone/Beepers/Cellular Phones 79,370 157,822 277,749 Books & Subscriptions 16,327 35,003 78,528 Minor Equipment 6,814 21,834 89,525 Computer Supplies 0 0 0 Dues, Fees & Licenses 14,375 57,500 106,018 Education & Seminars 9,734 15,589 35,099 Meals & Entertainment 6,268 10,555 24,075 Office Supplies 27,129 51,730 103,927 Travel 20,803 31,153 75,109 Miscellaneous Expense 45,019 84,188 108,007 Franchise, Excise & Property Taxes & Sales/Use Tax 26,663 53,326 (9,530) Insurance 78,511 157,756 327,790 Leases & Rentals of equipment 11,486 27,392 65,237 Repairs/Maintenance Agreements 51,611 227,531 556,487 Relocation Expense Total 0 0 1,215 Training and Orientation Total 0 0 0 Temp/Contract Personnel 92,767 211,117 294,555 Covenant Management Fees 578,353 1,156,707 1,896,997 Total ALLOCATED Expenses 2,115,393 3,961,654 7,374,344			
36. TOTAL ADMINISTRATION (Lines 31 to 36)	1,459,135	3,094,303	1,572,127
FIT & Excise Tax (295,279) (652,297) 280,622			
37. Total Other Expenses:	(295,279)	(652,297)	280,622
38. TOTAL EXPENSES (Lines 30 and 37 and 37A)	1,140,926	2,379,525	1,216,114
39. NET INCOME (LOSS) (Line 4 less Line 38)	(573,187)	(1,266,223)	1,125,698

Report #2A: TENNCARE OPERATIONS STATEMENT OF REVENUES AND EXPENSES

	Current Year		Previous Year
	Current Period	Year to Date Total	Total
Member Months	311,363	618,657	1,274,537
REVENUES:			
1. TennCare Capitation	51,613,051	95,073,959	170,923,604
2. Investment	621,218	1,216,524	2,448,870
3. Other Revenue	2	2	29
IBNR / Capitation Revenue Receivable	22,075,469	22,071,560	27,794,802
Premium Tax	138,221	1,058,180	2,587,434
State Admin Revenue	0	0	0
4. TOTAL REVENUES (Lines 1 to 3)	74,447,960	119,420,224	203,754,739
EXPENSES:			
Medical and Hospital Services:			
5. Capitated Physician Services	0	0	0
6. Fee-For-Service Physician Services	8,470,195	13,942,975	20,708,492
7. Inpatient Hospital Services	39,965,589	61,117,371	112,530,717
8. Outpatient Services	14,007	28,854	61,855
9. Emergency Room Services	5,319,082	8,555,091	12,474,096
10. Mental Health Services	7,190	14,397	34,625
11. Dental Services (Capitated & FFS)	321	(10,517)	5,222
12. Vision Services (Capitated , FFS & Opthamology)	198,617	403,478	804,983
13. Pharmacy Services (Capitated & FFS)	95	95	(24,652)
14. Home Health Services	222,858	470,556	513,598
15. Chiropractic Services	0	0	0
16. Radiology Services	149,286	149,286	304,233
17. Laboratory Services	9,179,201	14,815,135	25,850,446
18. Durable Medical Equipment Services	3,895,235	6,202,601	6,628,295
19. Transportation Services (Capitated)	2,066,881	2,107,337	4,180,871
20. Outside Referrals	0	0	0
21. Medical Incentive Pool and Withhold Adjustments	0	0	0
22. Occupancy, Depreciation, and Amortization	0	0	0
23. Other Medical and Hospital Services (Provide Detail)	0	0	0
Surgery - Orthopedic - FFS Office	0	0	0
MCO Delegated Services	0	0	0
Allergy & Immunology FFS Office & Other	2,140,846	4,252,993	7,163,068
Counselors/Therapists	0	0	0
Otolaryngology - FFS Office	394,704	769,893	1,464,708
Anesthesiology - FFS Hosp & Other	753,175	1,417,952	2,802,600
Gastroenterology	14,366	25,915	35,116
Preventive Medicine	841,552	1,600,339	3,341,073
Ped Emergency Medicine - FFS Hospital	0	0	0
Miscellaneous	(308,033)	1,351,155	123,293
IBNR	0	0	0
Risk Share	0	0	0
24. Subtotal (Lines 5 to 23)	73,325,166	117,214,905	199,002,639
25. Reinsurance Expenses Net of Recoveries	0	0	0
LESS:			
26. Copayments	0	0	0
27. Subrogation	316,338	550,643	774,160
27a Recoveries	153,521	341,763	924,981
28. Coordination of Benefits	0	0	0
29. Subtotal (Lines 26 to 28)	469,859	892,406	1,699,141
30. TOTAL MEDICAL AND HOSPITAL (Lines 24 and 25 less 29)	72,855,307	116,322,499	197,303,498

NAIC Report	PHPT				
2A Medical	Account				
Expenses	Number	PHPT Account Name	Jan 07 - Jun 07	Jul 07 - Dec 07	
Line 10	50400	Mental Health	0.00	0.00	0.00
Line 10	50406	Other MH (Partial & IOP)	0.00	0.00	0.00
Line 10	53063	Psychiatry ~ FFS Office	12,634.13	0.00	12,634.13
Line 10	53163	Psychiatry ~ FFS Hosp	1,762.98	0.00	1,762.98
Line 10	53363	Psychiatry ~ Other	0.00	0.00	0.00
Line 11	56016	Capitation ~ Dental	0.00	0.00	0.00
Line 11	56035	Dental	938.09	0.00	938.09
Line 12	53139	Opthamology ~ FFS Hosp	0.00	0.00	0.00
Line 12	53339	Opthamology ~ Other	403,478.13	0.00	403,478.13
Line 12	56018	Capitation ~ Vision	0.00	0.00	0.00
Line 12	56100	Vision	0.00	0.00	0.00
Line 13	54000	Prescription Drugs	0.00	0.00	0.00
Line 13	54001	Pharmacy	0.00	0.00	0.00
Line 13		Pharmacy Rebate	-11,455.00	0.00	-11,455.00
Line 14	56050	Home Health	470,555.72	0.00	470,555.72
Line 14	56055	Home Infusion	0.00	0.00	0.00
Line 15	53009	Chiropractic ~ FFS Office	0.00	0.00	0.00
Line 16	53370	Radiation Oncology ~ Other	149,286.35	0.00	149,286.35
Line 16	53371	Radiology ~ Other	0.00	0.00	0.00
Line 17	53341	Pathology - Other	0.00	0.00	0.00
Line 17	55000	Lab & Xray	11,428,058.19	0.00	11,428,058.19
Line 18	56040	Durable Med Equip	3,520,378.00	0.00	3,520,378.00
Line 19	56000	Ambulance	2,013,204.00	0.00	2,013,204.00
Line 19	56017	Capitation ~ Transportation	94,132.65	0.00	94,132.65
Line 23 d	56080	MCO DELEGATED SVCS	0.00	0.00	0.00
Line 23 f	56104	5% Increase Spending Plan	0.00	0.00	0.00
Line 23 g	53011	Counselors/Therapists ~ FFS Office	0.00	0.00	0.00
Line 23 h	56051	Housing	0.00	0.00	0.00
Line 23 h	56053	Reimbursed Member Expenses	0.00	0.00	0.00
Line 23 l	53040	Otolaryngology ~ FFS Office	112,553.86	0.00	112,553.86
Line 23 l	53340	Otolaryngology ~ Other	635,762.97	0.00	635,762.97
Line 23 j	53305	Anesthesiology ~ Other	1,417,951.93	0.00	1,417,951.93
Line 23 k	53320	Gastroenterology ~ Other	25,914.57	0.00	25,914.57
Line 23 L	53362	Preventive Med ~ Other	1,600,339.02	0.00	1,600,339.02
Line 23 m	53388	Urology ~ Other	0.00	0.00	0.00
Line 23 n	53399	Other Specialist	0.00	0.00	0.00
Line 23c	53084	Surg Ortho - FFS	0.00	0.00	0.00
Line 23e	53003	Allergy & Immunology ~ FFS Office	341,403.70	0.00	341,403.70
Line 23e	53303	Allergy & Immunology ~ Other	3,911,589.02	0.00	3,911,589.02
Line 23g	53037	Occupational Hlth ~ FFS Office	0.00	0.00	0.00
Line 23o	53148	Ped Emerg Med ~ FFS Hosp	0.00	0.00	0.00
Line 23 r	56105	Miscellaneous	0.00	0.00	0.00
Line 23s	59600	IBNR + 59601	23,921,521.00	0.00	23,921,521.00
Line 23s		IBNR W/O	0.00	0.00	0.00
Line 23t	55900	Risk Share	0.00	0.00	0.00
Line 27	56085	Subrogation	-550,643.00	0.00	-550,643.00
Line 27a	56085	Recoveries	-341,763.00	0.00	-341,763.00
Line 5	56019	Capitation ~ Specialist	0.00	0.00	0.00
Line 5	52704	Other PCP ~ Capitation	0.00	0.00	0.00
Line 5	56019	Capitation ~ Specialist	0.00	0.00	0.00
Line 6	52002	Internal Med - FFS Office	0.00	0.00	0.00
Line 6	52003	Pediatricians ~ FFS Office	0.00	0.00	0.00
Line 6	53335	obgyn other	0.00	0.00	0.00
Line 6	52000	Family Prac ~ FFS Office	0.00	0.00	0.00
Line 6	52001	Genl Prac ~ FFS Office	0.00	0.00	0.00
Line 6	52004	Other PCP ~ FFS Office	0.00	0.00	0.00
Line 6	52301	Genl Prac ~ Other	7,632,810.63	0.00	7,632,810.63
Line 6	52303	Pediatricians ~ Other	0.00	0.00	0.00
Line 6	52304	Other PCP ~ Other	0.00	0.00	0.00
Line 6	52400	Do Not Use ~ IBNR ~ PCP	0.00	0.00	0.00
Line 6	53023	Gynechology ~ FFS Office	0.00	0.00	0.00
Line 6	53035	Obstetrics & Gynecology ~ FFS Office	0.00	0.00	0.00
Line 6	53323	Gynecology ~ Other	0.00	0.00	0.00
Line 6	53329	Nephrology ~ Other	664,429.82	0.00	664,429.82
Line 6	53330	Neurology ~ Other	519,160.80	0.00	519,160.80
Line 6	53334	Obstetrics ~ Other	0.00	0.00	0.00
Line 6	53335	Obstetrics & Gynecology ~ Other	92,253.75	0.00	92,253.75
Line 6	56015	Capitation ~ Misc	0.00	0.00	0.00
Line 6	53119	Endocrinology ~ FFS Hosp	0.00	0.00	0.00
Line 7	53314	Dermatology ~ Other	580.72	0.00	580.72
Line 7	52102	Internal Med ~ FFS Hosp	0.00	0.00	0.00
Line 7	53078	surg gen - ffs hosp	0.00	0.00	0.00
Line 7	53314	Dermatology - Other	0.00	0.00	0.00
Line 7	53383	Surg Oral & Maxillofacial Other	0.00	0.00	0.00
Line 7	50000	I/P Hosp ~ Surgical	18,146.70	0.00	18,146.70
Line 7	50001	I/P Hosp ~ Medical	17,798,651.54	0.00	17,798,651.54
Line 7	50002	I/P Hosp ~ ICU/CCU	4,685,972.63	0.00	4,685,972.63
Line 7	50003	I/P Hosp ~ OB	0.00	0.00	0.00
Line 7	50004	I/P Hosp ~ Pediatrics	6,838,954.64	0.00	6,838,954.64
Line 7	50005	I/P Hosp ~ Other	6,987,324.06	0.00	6,987,324.06
Line 7	50100	Skilled Nursing Facility	0.00	0.00	0.00
Line 7	50404	Rehab	0.00	0.00	0.00
Line 7	52101	Genl Prac ~ FFS Hosp	258,091.34	0.00	258,091.34
Line 7	52104	Other PCP ~ FFS Hosp	0.00	0.00	0.00
Line 7	52205	Bonus Pool ~ Unallocated	0.00	0.00	0.00
Line 7	53105	Anesthesiology ~ FFS Hosp	0.00	0.00	0.00
Line 7	53108	Cardiovascular Disease ~ FFS Hosp	1,011,873.57	0.00	1,011,873.57
Line 7	53114	Dermatology ~ FFS Hosp	0.00	0.00	0.00
Line 7	53128	Med Oncology ~ FFS Hosp	0.00	0.00	0.00
Line 7	53129	Nephrology ~ FFS Hosp	0.00	0.00	0.00
Line 7	53134	Obstetrics ~ FFS Hosp	0.00	0.00	0.00
Line 7	53135	Obstetrics & Gynecology ~ FFS Hosp	0.00	0.00	0.00
Line 7	53138	Occupational Therapy ~ FFS ~ Hosp	23,640.35	0.00	23,640.35
Line 7	53140	Otolaryngology ~ FFS Hosp	21,575.68	0.00	21,575.68
Line 7	53160	Physical Therapy ~ FFS Hosp	102,081.35	0.00	102,081.35
Line 7	53178	Surg General ~ FFS Hosp	0.00	0.00	0.00
Line 7	53181	Surg Neurological ~ FFS Hosp	0.00	0.00	0.00
Line 7	53188	Urology ~ FFS Hosp	0.00	0.00	0.00
Line 7	53308	Cardiovascular Disease ~ Other	413,981.94	0.00	413,981.94
Line 7	53317	Diagnostic Radiology ~ Other	0.00	0.00	0.00
Line 7	53338	Occupational Therapy ~ Other	0.00	0.00	0.00
Line 7	53342	Pathology, Hemotology ~ Other	0.00	0.00	0.00
Line 7	53360	Physical Therapy ~ Other	773,160.74	0.00	773,160.74
Line 7	53369	Pulmonary Disease ~ Other	162,111.47	0.00	162,111.47
Line 7	53378	Surg General ~ Other	10,815,300.94	0.00	10,815,300.94

Line 7	53383	Surg Oral & Maxillofacial ~ Other	296.23	0.00	296.23
Line 7	53384	Surg Orthopedic ~ Other	0.00	0.00	0.00
Line 7	56065	Medical Supplies	824,226.90	0.00	824,226.90
Line 7	56070	Ortho & Prosthetics	439,940.65	0.00	439,940.65
Line 7	56105	Misc Med Expense	452,272.07	0.00	452,272.07
Line 7	56999	Do Not Use IBNR ~ Other Medical	0.00	0.00	0.00
Line 8	51001	Outpt Clinics	0.00	0.00	0.00
Line 8	51000	Outpt Surg ~ Hosp	0.00	0.00	0.00
Line 8	51003	Outpt Surg ~ Other	28,854.40	0.00	28,854.40
Line 9	53318	Emerg Med ~ Other	7,992.01	0.00	7,992.01
Line 9	56045	Emerg Room	6,591,211.04	0.00	6,591,211.04
N/A	50300	Do Not Use ~ IBNR ~ Hosp	0.00	0.00	0.00
N/A	50403	Detox	0.00	0.00	0.00
N/A	53000	Ab Imaging ~ FFS Office	0.00	0.00	0.00
N/A	53299	Bonus Pool ~ Specialist	0.00	0.00	0.00
N/A	53400	Do Not Use ~ IBNR ~ Specialist	0.00	0.00	0.00
N/A	55500	Stoploss Expense	0.00	0.00	0.00
N/A	56025	Case Mgmt Svcs	0.00	0.00	0.00
N/A	56030	Claims Contra - Allianz	0.00	0.00	0.00
N/A	56031	Corporate Division Medical Alloc	0.00	0.00	0.00
N/A	56077	Prior Period Reversals	0.00	0.00	0.00

TOTAL MEDICAL EXPENSES	116,322,499.28	0.00	116,322,499.28
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Pre 01-01-06 expenses not reflected on Income Stmt	-22,411,041.00
	0

TOTAL LOB EXPENSES	93,911,458.28
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Total Expenses on MLR	93,911,457.96
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Variance	0
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MEDICAL TARGET REPORT 06/2007

For the year 1/07 -
12/31/07

UB 92 Payments by the Claims Processing System	37,412,887
HCFA1500 Payments by the Claims Processing System	34,365,325
Dental Payments by the Claims Processing System	0
Capitation Payments	0
Pharmacy Payments	0
Subcontractor Payments for Medical Services	80,668
Reinsurance Payment	0
Other Payments/Adjustments to Medical Costs	40,073
Less:	
BHO Capitation Revenue	0
Pharmacy Rebates	0
Recoveries not Reflected in Payments by the Claims System	170,911
Total Payments for the month	71,728,042
Remaining IBNR for the month	22,183,416
Payments and Remaining IBNR for the month	93,911,458

Medical Loss Ratio	
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EXHIBIT 2 - ACCIDENT AND HEALTH PREMIUMS DUE AND UNPAID

1 Name of Debtor	2 1-30 Days	3 31-60 Days	4 61-90 Days	5 Over 90 Days	6 Nonadmitted	7 Admitted
0199999 Total individuals						
0299998 Premium due and unpaid not individually listed						
0299999 Total group		NONE				
0399999 Premiums due and unpaid from Medicare entities						
0499999 Premiums due and unpaid from Medicaid entities						
0599999 Accident and health premiums due and unpaid (Page 2, Line 12)						

EXHIBIT 3 - HEALTH CARE RECEIVABLES

1 Name of Debtor	2 1-30 Days	3 31-60 Days	4 61-90 Days	5 Over 90 Days	6 Nonadmitted	7 Admitted
0199998 Subtotal - Pharmaceutical Rebate Receivables - Not Individually Listed						
0199999 Subtotal - Pharmaceutical Rebate Receivables						
0299998 Subtotal - Claim Overpayment Receivables - Not Individually Listed						
0299999 Subtotal - Claim Overpayment Receivables						
0399998 Subtotal - Loans and Advances to Providers - Not Individually Listed						
0399999 Subtotal - Loans and Advances to Providers		NONE				
0499998 Subtotal - Capitation Arrangements Receivables - Not Individually Listed						
0499999 Subtotal - Capitation Arrangements Receivables						
0599998 Subtotal - Risk Sharing Receivables - Not Individually Listed						
0599999 Subtotal - Risk Sharing Receivables						
0699998 Subtotal - Other Receivables - Not Individually Listed						
0699999 Subtotal - Other Receivables						
0799999 Gross health care receivables						

EXHIBIT 5 - AMOUNTS DUE FROM PARENT, SUBSIDIARIES AND AFFILIATES

1 Name of Affiliate	2 1-30 Days	3 31-60 Days	4 61-90 Days	5 Over 90 Days	6 Nonadmitted	Admitted	
						7 Current	8 Non-Current
Individually listed receivables Preferred Health Partnership Companies, Inc Cariten Insurance Company Cariten Health Plan, Inc.	1,528,726				1,528,726		0
0199999 - Total Individually Listed Receivables	1,528,726	0	0	0	1,528,726	0	0
0299999 - Receivables not individually listed							
0399999 - Total gross amounts receivable	1,528,726	0	0	0	1,528,726	0	0

**Actuarial Certification
Preferred Health Partnership of Tennessee, Inc.
Actuarial Liabilities as of June 30, 2007**

I, Mark S. Alhanti, am a consultant with the firm of Towers Perrin. I am a Fellow of the Society of Actuaries and a member of the American Academy of Actuaries and meet the qualification standards for rendering opinions on Health Maintenance Organizations' and Health Plans' actuarial liabilities. I have been retained by Preferred Health Partnership of Tennessee, Inc. (the Company) to render an opinion on their June 30, 2007 actuarial liabilities.

I have undertaken an examination of the assumptions and methods used in developing the actuarial liabilities shown in the Company's June 30, 2007 annual statement prepared for filing with the State of Tennessee regulatory officials. These amounts are shown below:

Claims Unpaid (Page 3, Line 1)	\$0
Accrued Medical Incentive Pool and Bonus Payments (Page 3, Line 2)	\$0
Unpaid Claims Adjustment Expenses (Page 3, Line 3)	\$0
Aggregate Policy Reserves (Page 3, Line 4)	\$6,847,440
Aggregate Health Claim Reserves (Page 3, Line 7)	\$0
Experience Rated Refund	\$0
Actuarial Liabilities included in Page 3, Line 21	\$14,358,939

I have reviewed Page 11 (Underwriting and Investment Exhibit – Part 2b). This schedule was prepared consistent with Section 5.14, *Follow Up Studies* contained in Actuarial Standard of Practice No. 5, Incurred Health Claim Liabilities.

It is my opinion that the actuarial liabilities shown above:

1. are in accordance with accepted actuarial standards, consistently applied and are fairly stated in accordance with sound actuarial principles,

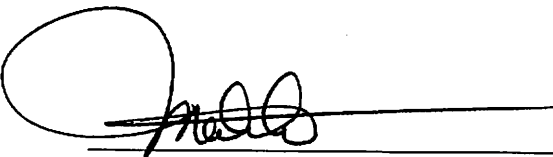
Actuarial Certification
Preferred Health Partnership of Tennessee, Inc.
Actuarial Liabilities as of June 30, 2007
Page 2

2. are based on actuarial assumptions relevant to contract provisions and are appropriate to the purpose for which the statement was prepared,
3. meet the requirements of the laws of the State of Tennessee,
4. make good and sufficient provision for all unpaid claims and other actuarial liabilities of the Company under the terms of its contracts and arrangements,
5. are computed on the basis of assumptions consistent with those used in computing the corresponding items in the annual statement of the proceeding year-end, and
6. include appropriate provision for all actuarial items that ought to be established.

In arriving at my opinion I have relied on data prepared by Mr. Jeff Collake of the Company (see reliance letter attached). In other respects, my examination included such review of the underlying assumptions and methods used and such tests of the calculations as I considered necessary.

I considered the need to do cash flow testing in forming my opinion. I determined that cash flow testing was not necessary due to the short-term nature of the liabilities and the insensitivity of the liabilities to economic conditions.

The actuarial methods, considerations and analyses used in forming my opinion are in conformance with the appropriate Standards of Practice and Compliance Guidelines as promulgated by the Actuarial Standards Board and the American Academy of Actuaries.



Mark S. Alhanti, FSA, MAAA

August 30, 2007
Date

**Actuarial Certification – Medical Services Report
Preferred Health Partnership of Tennessee, Inc.
Actuarial Liabilities as of June 30, 2007**

I, Mark S. Alhanti, am a consultant with the firm of Towers Perrin. I am a Fellow of the Society of Actuaries and a member of the American Academy of Actuaries and meet the qualification standards for rendering opinions on Health Maintenance Organizations' and Health Plans' actuarial liabilities. I have been retained by Preferred Health Partnership of Tennessee, Inc. ("the Company") to render this statement of actuarial opinion.

Pursuant to the contract between the State of Tennessee and Preferred Health Partnership of Tennessee, Inc., an actuarial certification to the medical target ratio is required each year. We have examined the actuarial assumptions and actuarial methods used in determining the reserves and related actuarial items pertaining to the calculation of the medical services budget for TennCare. In our opinion, the reserves and related items of the Medical Services Report as of June 30, 2007, as reported to the State of Tennessee, are reasonable and make sufficient provision for outstanding claims payable.

It is my opinion that the amounts carried on the Medical Services Report in relation to the actuarial items:

1. are in accordance with accepted actuarial standards, consistently applied and are fairly stated in accordance with sound actuarial principles,
2. are based on actuarial assumptions relevant to contract provisions and are appropriate to the purpose for which the statement was prepared,
3. meet the requirements of the laws of the State of Tennessee,
4. make good and sufficient provision for all unpaid claims and other actuarial liabilities of the Company under the terms of its contracts and arrangements,
5. are computed on the basis of assumptions consistent with those used in computing the corresponding items in the previous Medical Services Report, and
6. include appropriate provision for all actuarial items that ought to be established.

In arriving at my opinion I have relied on data prepared by Mr. Jeff Collake of the Company (see reliance letter attached.) In other respects, my examination included such review of the underlying assumptions and methods used and such tests of the calculations, as I considered necessary.

I considered the need to do cash flow testing in forming my opinion. I determined that cash flow testing was not necessary due to the short-term nature of the liabilities and the insensitivity of the liabilities to economic conditions.

The actuarial methods, considerations and analyses used in forming my opinion are in conformance with the appropriate Standards of Practice and Compliance Guidelines as promulgated by the Actuarial Standards Board and the American Academy of Actuaries.



Mark S. Alhanti, FSA, MAAA

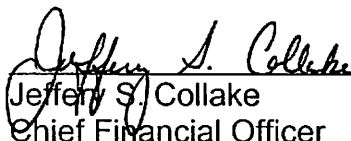
June 21, 2007

Date



***Reliance Certification
Preferred Health Partnership of Tennessee***

I, Jeffery S. Collake, Chief Financial Officer, for Preferred Health Partnership of Tennessee ("the Company"), hereby affirm that the records and data related to all inforce policies and contracts as of June 30, 2007, were prepared under my direction and to the best of my knowledge and belief are accurate and complete and are the same as the records and data which form the basis for the Company's 2007 Quarterly Statement.

A handwritten signature of Jeffery S. Collake in black ink, written over a horizontal line.

Jeffery S. Collake
Chief Financial Officer
Preferred Health Partnership of TN

Date: 8/31/07